

Name: \_\_\_\_\_ Date: \_\_\_\_\_

## You Control the Treasury: A 5th Grade Fiscal Policy Quest

Calculate trade-offs and analyze 10 financial scenarios to balance a city budget using tax adjustments and infrastructure spending.

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**1. The Town of Sunnyvale is facing high unemployment. As the Mayor, which fiscal policy move would most likely help create new jobs quickly?**

- A. Cutting spending on all local park and road repairs
- B. Increasing taxes on small businesses to save money
- C. Starting a new project to build a public library and sports complex
- D. Closing the local fire department to reduce the budget

**2. If a government decides to decrease taxes, people generally have more 'disposable income' to spend at stores and restaurants.**

- A. True
- B. False

**3. When a government's spending is higher than the tax money it collects in a year, it creates a \_\_\_\_\_.**

- A. Budget Surplus
- B. Budget Deficit
- C. Capital Gain
- D. Market Equilibrium

**4. Imagine prices for bread and milk are rising too fast (inflation). What 'contractionary' fiscal policy might a government use to slow this down?**

- A. Giving out free grocery vouchers to every citizen
- B. Raising taxes to reduce the total amount of money people have to spend
- C. Building five new national highways at once
- D. Lowering the price of all exported goods

**5. Fiscal policy is exactly the same thing as Monetary Policy, which is controlled by the central bank.**

- A. True
- B. False

**6. A tax placed on specific 'luxury' items, like private jets or expensive jewelry, is often used to \_\_\_\_\_.**

- A. Encourage everyone to buy more jewelry
- B. Ensure that basic needs like bread are more expensive
- C. Generate revenue from those with the most wealth
- D. Lower the overall national debt to zero instantly

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**7. If the government provides a 'subsidy' (financial help) to farmers who grow corn, what is the most likely economic goal?**

- A. To make corn more expensive for families to buy
- B. To force farmers to stop growing corn and move to the city
- C. To keep food prices stable and support the farming industry
- D. To increase the amount of taxes farmers have to pay

**8. When a government spends money on \_\_\_\_\_ services, like the military or public schools, it is providing goods that benefit all citizens.**

- A. Private
- B. Secret
- C. Public
- D. Corporate

**9. Governments must always keep their budget perfectly balanced every single month of the year.**

- A. True
- B. False

**10. Which of these is a likely 'opportunity cost' of a government spending \$1 billion on a new space exploration program?**

- A. The money is now available to build new hospitals
- B. The same money cannot be used to improve the school system
- C. Every citizen will receive a \$1 billion check
- D. Taxes will automatically disappear for ten years